

Board for Licensing Contractors

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www.state.tn.us/commerce/boards/contractors

FREQUENTLY ASKED QUESTIONS

Note: To search a subject in this pdf document, hit "Ctrl F" and enter word in "Find"

Q. When is a state "contractor" license required?

- A.** When the project or contract is \$25,000 or more. The license is required prior to offering to engage. Contracts and projects cannot be split into phases.

Contracting is defined under § T.C.A. 62-6-102 as: performs or causes to be performed activities, undertaking to, attempts to, or submits a price or bid or offers to construct, supervise, superintend, oversee, schedule, direct, or in any manner assume charge of the construction, alteration, repair, improvement, movement, demolition, putting up, tearing down, or furnishing labor to install material or equipment for any building, highway, road, railroad, sewer, grading, excavation, pipeline, public utility structure, project development, housing, housing development, improvement, or any other construction undertaking, where the cost is \$25,000 or more.

- *\$25,000 or more for any project contracted directly to the owner (prime contractor);*
- *Subcontractors who perform \$25,000 or more in electrical, mechanical, plumbing and HVAC projects, must obtain a contractor's license;*
- *Construction Management of any kind, where the value of the project exceeds \$25,000.*

Other Licenses Issued by our Board, for projects less than \$25,000:

- *Home Improvement*
- *Limited Licensed Electrician (LLE)*
- *Limited Licensed Plumber (LLP)*
- *Pre-licensed Exam Course Providers*

Q. Is a license required before bidding? How long does it take to get a license?

A. Yes, a contractor's license is required prior to bidding for projects exceeding \$25,000. It takes approximately six (6) weeks for the licensing process.

The Board must approve applications and they meet every other month (January, March, May, July, September and November). The deadline to submit your application is the 20th of the month, prior to the next Board meeting. It must be received in the office by this date (not post marked). Note: Mail takes 5 to 7 business days for delivery. For example, if the Board meets in July, the deadline would be June 20th. If this date is on a weekend or holiday, it would be on the next business day.

Q. How may I obtain a license application?

A. You may contact our office at the telephone number above, listen to the menu prompt, and leave your name and address on the recording. Or you may fax or email your request to staff located in the directory. In addition, the application (and other forms) may be downloaded from our website at: <http://www.state.tn.us/commerce/boards/contractors>

Our office is not set up to accept credit cards for fees. The contractor license application fee is \$250.00 (two year license) and must be submitted by check or money order when submitting your application. The application process takes approximately six (6) weeks. Should you prefer to hand-deliver the application, this must be submitted at the Davy Crockett Tower (mailing address). Our physical office at the Andrew Johnson Tower and does not accept fees.

Q. What is the cost of a contractor's license?

A. The application fee to us is \$250.00 for a two years license. In addition, the exams are less than \$45.00 each; the CPA/PA charges a fee for preparing financial statements; plus the cost of insurance for general liability and workers compensation.

For other license fees, please see the "Forms and Applications" on the web.

Q. Are contractors required to appear for a personal interview in order to obtain a license?

A. The interview may be waived if the owner is the same person who took the exam (qualifying agent) and if the application was submitted timely to

have the Board review prior to the meeting. The license is not issued until after the full Board meets and votes to approve applicants for both waived and interviewed applicants.

An interview is usually required for the following: QA is someone other than an owner who takes the exam, such as a full time employee, and has been with the company less than six months; if there are complaints or outstanding judgments; felony convictions; bankruptcy; or lack of experience; and those who took the BC-A/r course in lieu of the exams. In addition, an interview may be required should there be insufficient information listed regarding experience or the financial statement. To prevent the license from being issued with an uncertain monetary amount or license classification, we may prefer you to meet with a board member.

Q. Are examinations required to obtain a license?

- A.** The “Business and Law” is required by all applicants for a new “Contractor” license. Also, a trade exam may be required; such as: “Building” (Residential, Commercial or Industrial); “Electrical” and “Mechanical” (plumbing, HVAC/refrigeration, Fire Sprinkler). More information relative to exams and classifications is listed on our “Outline of License Classifications” on our website. Not all contractor professions require a trade exam. For example, those performing “roofing, landscaping, excavation, audio video installation, etc., there is not a trade exam. Exams are provided by PSI at: <http://candidate.psiexams.com/index.jsp>

Limited Licensed Electricians (LLE) - 40 question LLE exam, but not the “Business and Law”.

Limited Licensed Plumbers (LLP) - 40 question exam, but not the “Business and Law”.

Home Improvement – Exams are not required.

Note: When calling PSI to schedule an exam, you are required to give them your social security number.

When scheduling exams, you may want to consider taking one (1) exam each day, rather than taking two (2) at the same time. When registering for two exams on the same day, there is not always a break given in between exams.

Exams are generally good for two years unless you are active in the construction industry and may request the board to accept.

- Q. Do you have to be preapproved prior to registering for exams?**
- A.** Only for the Plumbing (CMC or CMC-A) exams; they require preapproval and this process is performed quickly by our office. Information is available on our main website and plumbers must provide proof of three (3) years experience.
- Q. What is the deadline date to submit an application for the next scheduled board meeting?**
- A.** Contractor applications must be submitted by the **20th of the month**, prior to the Board meeting. The Board meets January, March, May, July, September and November. The Board calendar is located on our website <http://www.state.tn.us/commerce/boards/contractors/users/lccalendar.html>
- Q. What if you need a license prior to the next Board meeting or missed the deadline?**
- A.** The only means for a contractor to obtain a license prior to the next board meeting or to have the deadline extended would be if the contractor has obtained a request from an owner who needs them as a specific contractor to bid, contract, or perform work. The law allows a license to be issued prior to the next board meeting, for hardship circumstances to an owner, where it is in the best interest of the public safety and welfare. Note: The contractor cannot contract, bid or offer until the license has been approved. If the contractor has violated the law, the hardship will not be granted and they must appear for an interview with the Board. After the contractor completes all application requirements, they may have the owner prepare a hardship request letter. More information on obtaining a hardship review is available on the website's "Applications and Forms" section. Hardship license approvals must be posted on the website.
- Q. Are there specific bidding requirements?**
- A.** Yes. Bidding requirements are defined in TCA 62-6-119, which states the contractor must list their name as licensed, license ID#, classification, expiration date, and list the same information for their electrical, plumbing, mechanical or HVAC subcontractors, if those portions exceed \$25,000. Effective July 1, 2008, geothermal HVAC contractors must list their license information from the Department of Environment and Conservation (see 2008 legislation update).
- Q. May the person taking the exam (qualifying agent) be listed/designated on more than one license?**

- A.** If they are an owner, they may be listed on more than one license. The qualifying agent must be an owner or full time employee. As a full time employee, they cannot be added to more than one license. For example, the qualifying agent who is a full time employee may also obtain a license as an owner in order to perform projects aside from his full time employment.

Qualifying agents, who are not an officer or owner of the entity applying for the license, must be interviewed at the Board meeting.

Q. Is the qualifying agent considered the owner of the license?

- A.** Not if the qualifying agent is only a full time employee. The license is issued to the entity or individual providing the financial statement. If the qualifying agent leaves, the company must notify the Board within 10 days and designate a new individual, who has passed the trade exam, within 90 days; the Business and Law exam is not required to be taken to change or add a qualifying agent. After 90 days, if a new QA has not been designated, the license classification is removed from the license or the license is made invalid.

For classifications which do not require a trade exam, the new QA must supply a resume of experience and if applicable, provide environmental training certificates.

Q. As a family business, may the parent allow their son or daughter use the license to contract and perform work?

- A.** No. Only the approved entity may utilize the contractor's license. Family members may be employees of the family business, but they may not start up their own business and use the parent's license.

The approved entity is the one approved by the Board due to fulfilling all the application requirements necessary by law, such as: 1. Providing a financial statement showing sufficient working capital and net worth, in the legal entity's name and mode of operation; 2. Passed the required exam(s) and supplied experience; and 3. Provided proof of insurance. Therefore, a parent who is licensed as a sole proprietor as "John Jones Construction" would be in violation for allowing their child to operate as "Jones Brothers Construction"; cannot allow another individual or entity to operate under their license.

The same scenario applies to entities/individuals owning more than one business/subsidiary; they may not use the license for each entity; only for the one entity approved by the Board.

Q. How do I know which classification to request on my license?

- A.** There is an outline of classifications listed in the instructions of the application, and an outline of exams in the “Candidate Information Bulletin” for tested classifications, and also in our rules and regulations (section 0680-1-.16). At the following link, an abbreviated list is available:
<http://www.state.tn.us/commerce/boards/contractors/pdf/contLicClassOutline.pdf>

For example, to build houses, a residential building license is required and the residential building exam (BC-A) would be needed. Areas which do not have testing usually fall within a specialty area, and may be identified on your license as, for example: S-Telecommunications Equipment; S-Cell Towers; S-Equipment Installation; S-Tree Trimming; S-Audio Visual Installation, etc.

The only trade exams are: Building (residential, commercial, and industrial); Mechanical (plumbing, HVAC/refrigeration, fire sprinklers); and Electrical (above 70 volts), and this is to hold a classification to perform projects in excess of \$25,000. In addition the exam, a contractor must show at least three (3) years experience.

Q The municipal utility (MU-B) for water and sewer systems rules indicate the BC-B (commercial) exam must be taken. What about contractors who held the license prior to the rule change?

- A.** Our August, 1997 newsletter addressed this issue. Contractors who held a MU-B license classification prior to the rule change of April, 1996, are considered grandfathered and may continue to build as before the rule change.

Q. Are subcontractors required to be licensed?

- A.** Subcontractors performing work in excess of \$25,000, for electrical, mechanical, plumbing and HVAC, are required to obtain a Contractor’s license prior to bidding. Other subcontractors, such as: roofing, masonry, flooring, landscaping, fencing, concrete, etc., are not required to be licensed unless they bid directly to the owner.

Q. Are HVAC (Heating, Ventilating and Air Conditioning) contractors regulated by the Board for projects less than \$25,000?

- A. The Board does not have a special HVAC license for small projects, except for the Home Improvement license. However, local municipalities may require a license or permit for inspections. The Board does have a CMC-C classification for HVAC contractors, which is required for projects in excess of \$25,000.

For these small HVAC projects, please check with the local municipality for their license, permit and inspection requirements.

Q. May a homeowner build their own house without a license?

- A. Yes. A homeowner is allowed one permit every two years to build their own house and act as their own contractor. If a homeowner hires a contractor, the contractor is required to be licensed and obtain the permit.

A homeowner should never obtain the permit on behalf of the contractor, as this alleviates the contractor from most liability and insurance requirements. In addition, the contracts should not be split in phases to circumvent the law. Anyone who is paid in excess of \$25,000.00 is required to be licensed. Check the consumer tips for further information.

Also, make sure the contractor is licensed in the same name as listed on the contract and permit, to prevent the contractor using someone else's license to circumvent the law. In addition, check the monetary limit and classification to ensure the contractor is legal to build the type and size project. For residential building, a BC-A or BC classification is needed. If a contractor joint ventures with another contractor due to not having a big enough monetary limit, make sure both contractors are properly licensed.

Q. What is “spec” building and is there a special license?

- A. Prior to January, 2003, certain counties allowed the provisions for contractors to build in their county of residence, on their owned land, residences for the purpose of resale; no custom contracts. However, legislation was put in place to allow these contractors to obtain a special spec homebuilding license should they apply prior to January 1, 2006. This was pursuant T.C.A. § 62-6-102(D)(i). For example, a licensed spec builder in Brownsville would have a license classification listed as: “Spec Homebuilder – Haywood County”. There is no longer a provision to obtain a new spec homebuilding license.

The spec homebuilding license is limited to the contractor's county of

residence, for homes in the amount of \$350,000 or less; and constructed on land owned by the contractor. The contractor licensed as a spec homebuilder may not construct a residence in a county other than as licensed; cannot build on land owned by another individual or entity; and cannot enter into a contract to build for anyone. In addition, a custom contract with anyone to build the home from the ground up would not be considered a spec house and would be a violation of the law.

Q. Is it legal for a church to construct their building?

- A.** No. For safety and liability reasons, the law does not exempt a church (or any other entity) to build where it is open to the public.

The law states, any person, firm or church would be required to hire a licensed contractor, with the appropriate license classification and monetary limit, in order to construct a building in excess of \$25,000, because it is open to the public, and not for individual use. A contractor with a commercial (BC-B) classification would be required.

Building for individual use is considered not open to the public, for sale, lease or rent (such as a personal residence, storage or farm building); allows the owner to construct on their own property themselves for these types of structures. (Please see T.C.A. 62-6-103 and Rule 0680-1-.22).

Q. Is continuing education required?

- A.** No. Continuing education is not required to obtain or renew a license.

Q. May a contractor use a cram school to prepare to take the exam?

- A.** It is not a recommendation or requirement to go to a cram school to prepare for the exams, as exams are open book. Pre-licensing contractor examination course providers are regulated by the Board and required to be licensed prior to offering classes to take the contractors exams. A list of these providers is located on the website.

These course providers may not: 1) Guarantee you will pass the exam; 2) Offer financial statement advice or refer you to a CPA/PA; 3) Offer insurance; 4) Ensure the class has adequate space and seating; 5) Cannot provide actual questions from the contractor's exam; or 6) Entice students to purchase unnecessary course materials or classes where the contractor does not need or is experienced.

If you've taken a course and the laws, rules and regulations have been violated, you may submit a written complaint. (See the "Law and Rules" section on the web and review under T.C.A. 62-6-138 and Rule 0680-5, for further information.)

Q. If a licensed prime contractor, subcontracts to a licensed electrical contractor, may the electrical subcontractor, subcontract to another electrical contractor who is not licensed?

A. No. All of the electrical subcontractors are required to be licensed, as well as, any subcontractors performing mechanical, plumbing or HVAC projects. In other words, a sub to a sub to a sub, all have to be licensed!

Q. May a contractor bid in another name other than as licensed?

A. No. Bidding in a name, other than as licensed, is considered unlicensed activity. Even if the contractor owns both companies, they must bid in the name as licensed (the licensed legal entity). Contractors may obtain more than one license should have additional companies separated for bookkeeping or tax reasons. In some cases, their licensed entity could contract with the owner, and subcontract to their entity, unless the subcontract requires a license (as listed above).

Q. If I am a corporation or LLC in another state, will I need to register in Tennessee?

A. Yes. You would need to contact the Tennessee Secretary of State at (615) 741-2286 or their website at: www.state.tn.us/sos for the forms to register as a foreign corporation or limited liability company.

Q. I am a licensed contractor; why haven't I received a roster?

A. The law was changed in 2001 which no longer requires any of the regulatory boards to print rosters. Due to the expense and lengthy time it takes to print, the roster is usually outdated by the time contractors receive them by mail. In addition, the information can be found on the internet by clicking onto the license roster search for "Contractor" or "Home Improvement" or "Limited Licensed Electrician" or "Limited Licensed Plumber", all of which are regulated by the Contractors Board. Website address for license search is at: <http://licsrch.state.tn.us/>

The roster license search was designed for all regulatory board licensees. In order to effectively search a contractor, enter only part of the name in the “firm” field. All contractors are licensed in the system as firms and organizations, even if they are sole proprietors. Therefore, entering a first or last name in those fields will not bring up the license information. You may enter part of the name with the percentage sign to bring up all possible names, such as: “Jon%” You may also click onto the profession if you want only contractors’ licenses.

For more in detailed reports, you may click onto “Downloadable Reports” on the Board’s main website. You will be queued to enter a user name and password, which is given on the site to allow searches for each Board.

Q. May a contractor bid while in the process of obtaining a contractor’s license, or wait to see if they are awarded the bid, and then apply for a license?

A. No. You must hold a license **BEFORE** you offer a price, negotiate, contract, bid, etc. In fact, you must list all the licensing information on the outside of the bid envelope or the bid will be rejected. Bidding without a license is a class A misdemeanor, subjects the violator to fines, and prohibits the contractor from participating on the project (removed). In addition, the contractor’s license will be held for six (6) months from the date the board learns of the violation.

Q. What if I have a chance to bid a job but my limit is not enough and the Board does not meet again for another month. Can I get a special review?

A. Possibly. If it is considered a “hardship” to the owner, and they may submit a written request for the contractor to have their license application to be reviewed prior to the next meeting. Hardship information is on the website under the “Forms and Applications” section.

The contractor must submit a complete license application (including exams passed, financial statement submitted, etc.) or revision request, with a hardship letter from an owner (not the contractor) and it must fully describe the hardship, details of the project; name of project, bid date, estimate of project and description of the hardship (why they need you to bid the job, such as, if there are not enough competitive bids; specialized

services, whether it affects public safety, etc.)

The hardship license must be approved before submitting a bid or contracting. Please review the hardship information on the website for details at: <http://www.state.tn.us/commerce/boards/contractors/index.html>

Q. What is the penalty for bidding without a license?

A. A contractor who contracts or offers to engage without a license or proper classification and monetary limit is in violation of T.C.A. §62-6-120. Therefore, would be ineligible to be awarded the project, would not receive license for six (6) months, cannot participate in any rebidding of the project, and subject to civil penalties. A complete of list of monetary fines is listed in the rules, which may be downloaded from our “Laws and Rules” section on the web.

Q. How can a contractor get on the State’s list to bid state government contracts?

A. You may register as a vendor with the Tennessee Department of General Services. Their website is at:
<http://www.tennessee.gov/generalserv/purchasing/index.htm>

Q. Do all contractors have to be licensed in order to joint venture?

A. Yes. Please see Rule 0680-1.11. Contractors may contract as a joint venture and combine their monetary limit. The joint venture is not required to obtain a separate license; both license names must be on the contract.

Q. Can a contractor bid in excess of their monetary limit?

A. Yes; there is a 10% bid tolerance, only. Prime contractors must be cautious when obtaining bids from subcontractors. § TCA 62-6-120 finds it a violation for a contractor to accept a bid from a subcontractor without the sufficient monetary limit and classification. In addition, only the owner may supply labor/equipment, therefore, could not be deducted from their portion of the project’s total cost. Caution is recommended when bidding alternates as part of the total bid. *Note: The Attorney General has issued opinions on this matter; February 11, 1993 (#93-12); and August 6, 1981 (#81-452).* If a bid is rejected for failing to supply a valid bid due to violating the law, the prime contractor may not be allowed to bid on any rebidding or participate on the project.

Contractors with a restricted limited license (BC-A/r) classification, with a

\$70,000 limit, do NOT have a 10% bid tolerance.

Q. My address recently changed. May I wait until I submit my renewal to change?

A. No. You are required to submit address changes in writing within 30 days and is a violation of the statute for failing to do so. State mail is not forwarded and the renewal form and license would not be delivered to the new address.

Q. Does Tennessee reciprocate with other States?

A. Yes. Currently, we have a trade exam waiver agreement; the Tennessee “Business and Law” exam must be taken. Tennessee has agreements with the following states: Alabama, Arkansas, Louisiana, Mississippi, North Carolina (Residential/Commercial), and South Carolina. Contractors licensed with these states but are not domiciled/residents, may not qualify to have the trade exam waived, unless they have taken an exam comparable with PSI’s (Tennessee) current exam. Contractors licensed in these states must also complete all of Tennessee’s licensing application process, which takes approximately six (6) weeks. Attach a copy of your trade exam score, the license verification form completed by your state, and submit with your completed application and Business & Law score.

Q. I have a Tennessee license and need to apply for a license in another state. Who should I contact to have the reciprocation/license verification from completed?

A. You may fax this form to (615) 532-2868; or mail to our office address; or contact the reciprocation section direct at (615) 532-3993; or email at: Brenda.Emmett@state.tn.us or also contact Linda Ford at (615) 253-2144 or email her at Linda.Ford@state.tn.us

Q. Is there a national association which has information related to contracting regulation for all states?

A. Yes. The National Association of State Contractor Licensing Agencies (NASCLA) has several resources for contractors wanting to work throughout the United States. Their website is at: www.nascla.org

Q. I have a residential building license and want to get a commercial building license. Do I need to apply for another license?

A. No. Do not apply for another license; apply for a “revision” to change your license, to add a classification to your current license.

Revisions must be approved by the Board and the deadline date to send is by the end of the month, prior to the next Board meeting. You may apply by completing the appropriate revision forms to: add classifications, increase your monetary limit, change mode of operation (transfer), or change name on a license.

You may go to the following link for a list of these different forms:

<http://www.state.tn.us/commerce/boards/contractors/formsandapps.html>

A licensee may have classifications added to their license by completing and submitting the revision form with the applicable test score or reciprocity license verification.

Q. May I transfer my license to another company?

- A.** No. A license is not transferable to another entity. You would be required to apply for a new license or a second additional license (if you want to keep the other license active).

You may “transfer” to a different mode of operation. For example, change from a Sole Proprietor to an LLC. You cannot contract in the new mode until the license has been approved through the revision process. A revision form may be obtained from our website at:

<http://www.state.tn.us/commerce/boards/contractors/pdf/modOpChgTransfer.pdf>

Q. I have not received a contractor’s license renewal form. When are these mailed?

- A.** Renewal notices are mailed 90 days prior to the license expiration date. If you have not received your renewal, please contact our office at 1-800-544-7693 or you may download a blank renewal form from our website at: <http://www.state.tn.us/commerce/boards/contractors/formsandapps.html>

A contractor’s license cannot be renewed if expired 12 months. Renewal fee is \$200.00 and the law requires these to be submitted **30 days** prior to expiration, in order for your license to be renewed and prevent a contractor from being expired and unable to work. Renewal fee is \$200.00 for two (2) years; \$20 per month late fee, not to exceed 12 months.

Note: Home Improvement, LLE and LLP licensees have only up to three (3) months to renew!

Q. May I retire a license if I'm not in business and lack the required insurance and financial statement?

A. Yes. You may retire a license annually by completing the retirement application with \$25.00 fee, if you send in prior to the expiration date. If the license has expired, you would need to send in the renewal fee and any late fees. Should you retire the license, the renewal fees are non-refundable.

Q. I received my renewed license certificate in the mail last month, but just received a letter requesting additional information regarding our financial statement submitted. Do I need to respond even though I already have the license renewed for the next two years?

A. Yes, you must respond in order to prevent the license from becoming invalid or in a "denied" status, due to failing to meet the prerequisite to renew with an acceptable financial statement. Financial statements may be audited after the license has been issued in order to prevent contractors from working with an expired license. Upon audit, if the financial statement showed insufficient working capital and net worth to support the limit, or was out-dated, the contractor is notified to respond within 30 days or their license will be placed in a denied status.

For corporations with a different year end as from their expiration date, they need to respond in writing and provide the date of which an updated financial statement will be provided.

Q. I submitted my renewal late and need to obtain building permits. Can I request my renewal to be expedited?

A. Renewals are processed in the order as received, and usually take 30 days to process and issue. It is important to submit the license renewal 30 days prior to the expiration date to prevent working on an expired license. Licenses will be issued only to those who filed a complete renewal and provided the required financial statement, general liability insurance and proof of workers compensation insurance. Those renewals filed incomplete will not be issued until the contractor has submitted the lacking information. Contractors failing to complete the renewal process within 12 months lose renewal rights and must file for a reinstatement through the new license application process. You may check the status of your renewal at: <http://licsrch.state.tn.us>

Q. Is there a grace period to renew your license?

- A. No.** Once your license expires, you are not legal to contract or permit projects. You have renewal rights, up to 12 months, but you cannot contract during the time the license is expired.

Expired licenses or those who owe a late fee will show a “Delinquent” status and will not show on the website as “Active” until the license renewal is issued.

If the license has expired over 12 months, then the contractor must submit a new license application and file for a “reinstatement”. The business and law exam is not required to reinstate; the trade exam will not be required, unless the contractor has been inactive in the industry over two years.

- Q. The status on the website shows “Delinquent”, however, the renewal was mailed timely.**

- A.** The status of the license is connected to the open transaction in our database. Therefore, regardless of whether you filed the renewal prior to the expiration date, the open transaction changes to “Delinquent” after 30 days, until we actually issue the license. Failing to submit late fees may also keep the license in a delinquent status. Licenses expired after 12 months go to “Failed to Renew” status. It takes approximately 30 days to process a renewal (if submitted correctly and complete). State mail delivery takes five to seven business days to reach our office and the statute requires the renewal to be received in our office 30 days prior to the expiration date, to prevent the contractor from working unlicensed.

- Q. Who needs a “Home Improvement” license?**

- A.** Remodeling projects which are from \$3,000 to less than \$25,000, in the following counties in Tennessee: Bradley, Davidson, Hamilton, Haywood, Johnson, Knox, Robertson, Rutherford and Shelby. Licensed residential contractors are exempt from this license.

An application package, please call 1-800-544-7693 and ask for a “Home Improvement” application package or download from our website at:
<http://www.state.tn.us/commerce/boards/contractors/formsandapps.html>

As always, please check with the local municipality’s codes/permit office for their requirements.

Note: Consumers prefer to use a licensed remodeler and even if your county does not require a license, you may want to obtain to be a licensed professional.

- Q. How long does it take to obtain a Home Improvement license?**

- A.** A Home Improvement license may be issued quickly, in less than one (1) week. An exam or financial statement is NOT required and does not require Board review, unless there are deficiencies. A \$10,000 surety bond (or other financial responsibility) is required from your insurance agent, and costs around \$100.00 - \$300.00, (or other financial responsibility may be submitted). In addition, you must supply proof of insurance (general liability and workers compensation if you have an employee).

Q. Are plumbers required to obtain a state license for projects less than \$25,000?

- A.** Yes. Effective January 1, 2006, plumbers must obtain a “Limited Licensed Plumber” (LLP) license for projects less than \$25,000, unless they are licensed by the municipality.

The LLP application with general information and instructions may be downloaded at:

<http://www.state.tn.us/commerce/boards/contractors/formsandapps.html>

Licensed contractors with a plumbing classification (CMC-A; MC-A; CMC; or MC;) are not required to obtain the LLP.

Q. Who needs a “Limited Licensed Electrician” (LLE) license?

- A.** Electricians performing electrical work in counties where there is not a local licensing agency performing electrical inspections, for projects less than \$25,000. (Check with your local permit office.) Licensed electrical contractors with a CE classification are exempt. For a LLE application, please call 1-800-544-7693 or download from our website at:
<http://www.state.tn.us/commerce/boards/contractors/formsandapps.html>

Q. Who is in charge of electrical inspections for the LLE license?

- A.** The Division of Fire Prevention and there are permit agencies throughout the State. Their website is at:
<http://tennessee.gov/commerce/sfm/index.html>

Q. Are Fire Sprinkler contractors required to be registered?

- A.** Yes. There are additional requirements for these contractors at:
<http://tennessee.gov/commerce/sfm/index.html>

Q. Are there requirements to be licensed as a Home Inspector?

- A. Yes. In fact, effective July 1, 2006, Home Inspectors must be licensed through a new program. You may contact their office at (615) 253-1743 or review the information on their website at:

<http://www.state.tn.us/commerce/boards/hic/index.html>

Q. Where can the implied (one-year) warranty law be found?

- A. This law is not under the jurisdiction of the contractor's license law. It may be reviewed under § T.C.A. 47-2-314, by clicking onto "Tennessee" at

<http://michie.com>

Q. Board and Commission complaints:

- A. A consumer or contractor may report a contractor complaint. Upon receipt of a complaint, our staff and legal department evaluate whether the Board has jurisdiction to take action against the contractor. The Board addresses regulatory and licensing violation complaints, and these are submitted to them anonymously by our attorney, who makes recommendations to assess civil penalties, fines, or take formal action to suspend or revoke the license.

Consumer residential complaints are referred to the Division of Consumer Affairs to offer mediation through the CHAMP (Consumer Homeowner Accountability and Mediation Program).

A complaint form may be downloaded from our website at:

<http://www.state.tn.us/commerce/boards/contractors/complaint.html>

CHAMP may list contractors failing to respond to a complaint on the "Problem Contractor" list. Disciplinary action is updated on our web after every Board meeting. In addition, our website has a list of revoked and suspended licenses.

Q. Is your physical address different from the mailing address?

- A. Yes. Our office is located at 710 James Robertson Parkway, on the Third Floor of the Andrew Johnson Tower. All deliveries, mail and fees are sent to the building next door, which is our mailing address (500 James Robertson Parkway, Davy Crockett Tower).

All mail, including express and overnight deliveries, must go to the Davy Crockett address. Should you hand-deliver an application, and it requires a fee, we cannot accept fees in our office (including checks).

Q. Are there consumer tips on hiring a contractor?

- A. Yes. Please see our main website for all types of consumer tips.

FAQ's - Financial Statements

Q. What type of financial statement must be submitted to obtain a license?

- A. It must be prepared by a licensed CPA/PA. A "Reviewed" financial statement is required for limits of \$1,500,000 and less; an "Audited" is required for limits exceeding \$1,500,000. Statement must be in the name to be licensed.

Q. What is the monetary limit?

- A. This is the limit a contractor is approved to contract and perform work. There is not a limit to the amount of projects. For example, a contractor with a monetary limit of \$500,000 with a BC-A (residential classification), may build several houses; each individual contract for each house, must be within their limit (there is a 10% tolerance, except for restricted (BC-A/r) licenses).

Q. How is the monetary limit determined?

- A. It is based upon the contractor's experience and 10 times the lesser of working capital and net worth. A contractor approved for a limit of \$100,000 must show at least \$10,000 in working capital and \$10,000 in net worth.

For an "Unlimited" license limit (over \$3,000,000), a contractor must submit an audited financial statement showing at least \$300,000 in working capital and net worth, as well as, supply experience for these size projects.

Q. Instead of paying a CPA to prepare my financial statement, can I supply a "Line of Credit" or a "Bond" or "Income Tax" form?

- A. No, a Line of Credit, Bond or income tax return cannot be submitted in lieu of a reviewed or audited financial statement since it is required by law. It must be prepared on GAAP basis, by a licensed CPA/PA.

Q. Can our in-house CPA prepare our reviewed or audited financial statement?

A. No, they must be an independently licensed CPA in the State where they operate (does not have to be licensed in Tennessee).

Q. This is a new start up company and I do not have an operating statement. May I submit a cash only statement?

A. Contractors who do not have an operating statement are required to submit their personal financial statements with a Guaranty Agreement (form is in the application). All names listed on the financial statement, such as a spouse, must sign the Guaranty.

Q. Our company is a wholly owned subsidiary of another company. How are subsidiaries licensed?

A. The parent company of the subsidiary must provide the financial statement and sign a "Guaranty Agreement". An in-house statement will need to be provided for the subsidiary obtaining the license and registered in this name with the Tennessee Secretary of State's corporate filing section.

For additional information regarding financial statement and licensing requirements, please refer to the application instructions.

Q. Where may I obtain licensing information for other Tennessee Regulatory Board professions with the Department of Commerce and Insurance?

A. Links for other professions, such as: Alarm System Contractors; Architect and Engineers; Accountancy; Home Inspectors; Fire Prevention, are at: <http://www.tennessee.gov/commerce/>

You may also check other state agencies at: <http://www.tn.gov/>

Contractor Licensing Steps

HOW TO BECOME A LICENSED CONTRACTOR (detailed steps are located in the application which is on our website at:

<http://tennessee.gov/commerce/boards/contractors>

In order to become a licensed contractor, you must complete the Board's application and exams, which entails the following:

- Register and pass the "Business and Law" examination and any applicable trade examination by registering our contracted exam vendor, PSI, Services, LLC or call them direct at 800-733-9267; or visit their website at www.psiexams.com Note: They ask for your social security number as part of making appointments.
- Financial statement prepared by a licensed Certified Public Accountant (CPA or PA). A "Review" is required for limits of \$1,500,000 or less; an Audit is required for limits exceeding \$1,500,000.
- Reference letter from a past client, former employer, or a codes official.
- Proof of General Liability and Workers Compensation Insurance.
- Corporations must provide a Charter or Certificate of Authority; Limited Liability Companies (LLC) must provide their Articles of Organization. Must show proof of registration with the Tennessee Secretary of State who may be contacted at (615) 741-2286 or <http://www.state.tn.us/sos/>
- Interview with the Board may be required for those who designated full time employees to be the qualifying agent (person who takes the exams) and not the owner, employed less than six months; or applications with deficiencies. (Notification will be sent to you confirming.)
- License applications are approved at the Board meetings, which meet during the months of January (Nashville), March (Nashville), May (Memphis), July (Nashville), September (Knoxville) and in November (Nashville).
- Upon receipt of your completed application (if received by the deadline date, 20th of the month, prior to the Board meeting), you will be sent a notice that the interview was waived or an admission notice with the time, date and location to appear at the Board meeting.
- Qualifying Agents (person who passed exam, who are not an owner, but a full time employee and knowledgeable of the daily operations) are required to appear for the interview. Licenses for applicants who are waived are not approved until the Board meets.
- Reciprocity is with the trade exam, only. Agreements exist with some of the licensing boards in Alabama, Arkansas, Louisiana, Mississippi, North

Carolina and South Carolina and (not all agencies within these states reciprocate; see application for a license verification form and details.)

(Please contact the local county/city permit offices for their license requirements)

If you have a question, please contact us in writing by fax at (615) 532-2868 or check the staff directory for email addresses and telephone numbers, at:

<http://tennessee.gov/commerce/boards/contractors/users/staff.html>

We will be happy to get you an answer, in writing, as quickly as possible. Note: Some questions may require a legal interpretation and these may take longer to respond.

For more information, application forms, and consumer tips, please review at our website located at: <http://tn.gov/commerce/boards/contractors/index.html>

Thank you for your interest in Tennessee!

(Rev. 11/2008)